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Editors/Real Estate Reporters

· Please click on link to view and download Avison Young's *Summer 2015 Fraser Valley, BC Commercial Real Estate Market Report*:

http://www.avisonyoung.com/fileDownloader.php?file=files/content-files/Offices/Vancouver/Research/2015/Vancouver_FraserValleyIndustrialReport_Summer2015.pdf

**Fraser Valley, BC industrial activity
rebounds strongly after construction cycle pause**

***Surrey remains primary industrial market in Fraser Valley;
Langley approaches record dollar volume in 2015***

Vancouver, BC - Industrial leasing and sales activity in the Fraser Valley rebounded in the first half of 2015 as the market powered through the construction phase of its current development cycle. In the first half of 2015, 87 transactions valued at more than \$165 million occurred compared with 156 transactions valued at \$193.3 million in all of 2014, which was the lowest level in terms of annual deal and dollar volumes recorded since at least 2005.

A lack of new supply combined with a constrained inventory of existing industrial properties in the Fraser Valley slowed sales velocity and resulted in a rise in the number of off-market deals in 2014. Fewer strata projects kicked off as land prices rose and large parcels became increasingly difficult, time-consuming and expensive to secure. For many developers and owner/users awaiting the completion of build-to-suit projects, 2014 was a year of construction and a brief pause from what had been a very active period from 2011 to 2013. A lack of investment opportunities resulted in entire strata buildings being sold off to single investors seeking industrial assets in the Fraser Valley. The first half of 2015 rebounded strongly as supply recovered somewhat while demand remained as strong as ever.

The vast majority of activity in the first half of 2015 was centred in Surrey (\$70.3 million/57 deals) and Langley (\$77.9 million/10 deals) while activity in Abbotsford, Chilliwack and Maple Meadows remained muted. The **Jim Pattison Group** exercised its option to acquire a 396,000-sf warehouse in Langley for \$53 million from the **Beedie Group**, which spiked regional dollar volume significantly in the first half. New construction will continue to be delivered throughout the market, particularly in Surrey and Pitt Meadows. Deal velocity is expected to remain brisk through 2015.

These are some of the key trends noted in **Avison Young's Summer 2015 Fraser Valley, BC Commercial Real Estate Market Report**, released today.

“Overall rents in the Fraser Valley are anticipated to remain stable as competition among landlords intensifies with the delivery of 1.5 million square feet of new product in the next 12 months,” comments Avison Young Principal **Garth White**, who specializes in Fraser Valley industrial property sales and leasing. “Face rates are being maintained for small-bay industrial units, but tenant inducements, including free rent and tenant improvement allowances, are greater in areas where there is more speculative construction activity such as Campbell Heights and Gloucester Industrial Estates. Rates have been maintained in Port Kells and will be subject to upward pressure throughout the remainder of 2015.”

Vacancy rates in Langley (4.1%), Maple Meadows (1.7%) and Abbotsford (1.5%) have declined compared with a year ago while Surrey has remained stable (2.7%).

Prior to 2014, the Fraser Valley industrial market had not posted less than \$200 million in sales activity in a decade. The 10-year average is \$242.3 million per annum and 197 transactions. With more than a dozen projects scheduled for completion by the end of 2015, it is anticipated that 2015 will mark a significant improvement in terms of leasing and sales activity compared with 2014.

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